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STATE OF SOUTH CAROLINA)
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(Caption of Case)
Integrated Resource Plan)
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BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET NUMBER: 2011 - 11 - E

(Please type or print)

Submitted by: Lockhart Power Company
SC Bar Number:
Address: P.O. Box 10
Lockhart, S.C. 29364
Telephone: 864-545-2211
Fax: 864-545-2591
Other:
Email: jseay@lockhartpower.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ **Emergency Relief demanded in petition**

☐ **Request for item to be placed on Commission's Agenda expeditiously**

☐ **Other:**

INDUSTRY (Check one)

- ☒ Electric
- ☐ Electric/Gas
- ☐ Electric/Telecommunications
- ☐ Electric/Water
- ☐ Electric/Water/Telecom.
- ☐ Electric/Water/Sewer
- ☐ Gas
- ☐ Railroad
- ☐ Sewer
- ☐ Telecommunications
- ☐ Transportation
- ☐ Water
- ☐ Water/Sewer
- ☐ Administrative Matter
- ☐ Other:

NATURE OF ACTION (Check all that apply)

- ☐ Affidavit
- ☐ Agreement
- ☐ Answer
- ☐ Appellate Review
- ☐ Application
- ☐ Brief
- ☐ Certificate
- ☐ Comments
- ☐ Complaint
- ☐ Consent Order
- ☐ Discovery
- ☐ Exhibit
- ☐ Expedited Consideration
- ☐ Interconnection Agreement
- ☐ Interconnection Amendment
- ☐ Late-Filed Exhibit
- ☐ Letter
- ☐ Memorandum
- ☐ Motion
- ☐ Objection
- ☐ Petition
- ☐ Petition for Reconsideration
- ☐ Petition for Rulemaking
- ☐ Petition for Rule to Show Cause
- ☐ Petition to Intervene
- ☐ Petition to Intervene Out of Time
- ☐ Prefiled Testimony
- ☐ Promotion
- ☐ Proposed Order
- ☐ Protest
- ☐ Publisher's Affidavit
- ☒ Report
- ☐ Request
- ☐ Request for Certification
- ☐ Request for Investigation
- ☐ Resale Agreement
- ☐ Resale Amendment
- ☐ Reservation Letter
- ☐ Response
- ☐ Response to Discovery
- ☐ Return to Petition
- ☐ Stipulation
- ☐ Subpoena
- ☐ Tariff
- ☐ Other:

RECEIVED

PSC SC
MAIL / DMS

Print Form Reset Form

Lockhart Power®

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LOCKHART, SOUTH CAROLINA 29364

TELEPHONE (864) 545-2211
FAX (864) 545-2591
www.lockhartpower.com

June 30, 2011

THE HONORABLE JOCELYN BOYD
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Suite 100
Columbia, South Carolina 29210

Docket No. 2011-11-E
Order No. 94-348 & 98-502

Dear Jocelyn Boyd:

Pursuant to Docket No. 2011-11-E, Order No 94-348 & 98-502, please find enclosed for filing Lockhart Power Company's **INTEGRATED RESOURCE PLAN** dated June, 2011.

Very truly yours,

James H. Seay, Jr.

James H. Seay, Jr.
Manager – Engineering & Regulatory Affairs
Lockhart Power Company
Lockhart, SC 29364

LOCKHART POWER COMPANY

INTEGRATED RESOURCE PLAN

1. STATEMENT OF OBJECTIVE

Lockhart Power Company's (LPC) objective in developing an Integrated Resource Plan (IRP) is to minimize our long run total costs and produce the least cost to our customers consistent with the availability of an adequate and reliable supply of electric energy while maintaining system flexibility and considering environmental impacts. We intend for the plan to also improve customer service, offer additional customer options, and improve efficiencies of energy usage.

2. RELEVANT SUPPORTING DOCUMENTATION

a. See ATTACHMENTS

1 --- DEMAND FORECAST

2 --- SUPPLY AND SALES FORECAST

3 --- LOCKHART POWER COMPANY ENERGY SOURCES

4 --- CASH FLOW BREAKEVEN TEST WORKSHEET

3. SUPPLY RESOURCES

LPC presently utilizes five sources of supply --- Lockhart hydroelectric facility, Pacolet hydroelectric facility, Lockhart's Diesel Generation facility in Pacolet, SC, Lockhart's Diesel Generation facility in Union, SC, and purchases from Duke Energy . LPC purchases approximately 80% of its total system input in MWH's. SEE ATTACHMENT 3. LPC uses its run-of-river hydro plant as a peaking unit through out the year. Duke Energy's rates to LPC are presumptively just and reasonable, having been permitted by the FERC. We plan to continue to use Duke Energy for the foreseeable future. However, LPC intends to investigate other sources to determine if the costs and benefits, both short run and long run, meet the objectives of our IRP. The sources we intend to investigate include, but are not limited to the following:

GENERATION --- Additional Hydro for peak shaving.

PURCHASES --- Spot, Short Term, Long Term from present supplier to reduce supply cost. Spot, Short Term, Long Term from Independent Power Producers or Exempt Wholesale Generators to reduce supply cost.

4. VARIOUS ENERGY ALTERNATIVES, EFFICIENT ENERGY CHOICES AND PROPER PRICING SIGNALS

LPC has and continues to do the following:

A. Designed its rates to economically encourage improved load factors and to reduce monthly demands by:

1. Incorporating a demand penalty by use of a demand ratchet in its resale rates. This encourages peak shaving.

2. Dividing its commercial and industrial rates into a first 200 hours use of billing demand rate and an over 200 hours use of billing demand rate with the rates in the latter considerably less expensive than the first 200 hours use block. This encourages peak shaving.

3. Incorporating stringent conservation requirements in its Residential - All Electric and General Service - All Electric rates. This encourages conservation.

4. Designing its Residential and Residential - All Electric rates such that they are identical during the summer months, the season of LPC's system peak. This encourages peak shaving and conservation.

5. Designing its General Service Commercial and General Service - All Electric rates such that they are identical during the summer months, the season of LPC's system peak. This encourages peak shaving and conservation.

6. Converting its Residential rate and Residential - All -Electric rate (summer months) from a declining block rate to an inverted rate. This encourages conservation.

5. EVALUATING POTENTIAL OPTIONS

LPC will employ unbiased analysis techniques for potential options included in its IRP. LPC will evaluate each option by including all appropriate costs and and benefits and will provide a detailed explanation with supporting evidence for our choice.

6. EVALUATING THE COST EFFECTIVENESS OF SUPPLY-SIDE AND DEMAND SIDE OPTIONS

LPC will evaluate the cost effectiveness of each supply-side and demand-side option by considering relevant costs and benefits. LPC will evaluate each option by the cash flow breakeven method. SEE ATTACHMENT 4. Worksheets will be used to show the detail for Columns 2, 3, 4, and 5. Savings and Environmental costs will be included as Added Net Sales or an Expense depending on the value developed for that particular item. If Column 13 shows that the project will take longer than six years to break even, the project will probably not be implemented.

7. MEASURE OF NET BENEFITS

LPC will provide the net benefits resulting from the options chosen for use, keeping within the objective stated in 1. Benefits will be quantified on the Worksheets described in 6. above. Benefits are considered to be, but are not limited to, cost savings, peak load shaving, conservation, load shifting, valley filling, environmental concerns, improvement of customer service, offering of additional customer options, improved efficiencies of energy usage, and improved outage times and reliability.

8. ENVIRONMENTAL COSTS

LPC will consider environmental costs on a monetized basis where reasonable and sufficient data is available in its planning process and evaluation of options. Those environmental costs that cannot be monetized will be addressed on a qualitative basis within the planning process and evaluation of options. Environmental costs can be

increased or reduced. The environmental costs referred to here are those costs associated with demand or supply side options which impact the customer directly or indirectly.

9. DEMAND AND ENERGY FORECAST

SEE ATTACHMENTS 1 AND 2

10. EVALUATION AND REVIEW OF EXISTING DEMAND-SIDE OPTIONS

SEE 4. ABOVE

11. FUTURE STUDIES

LPC presently has no significant studies in progress.

12. FLEXIBILITY AND QUICK RESPONSE

LPC intends to remain flexible enough to react quickly to changes in a manner consistent with minimizing costs while maintaining reliability.

13. MAINTENANCE

Maintenance is a continuous process at LPC. Actual maintenance costs for 2009 and 2010 are shown below as well as the forecast of maintenance costs for 2011 through 2025.

YEAR	MAINTENANCE COST	YEAR	MAINTENANCE COST
2009	$1,207,606	2018	$1,595,803
2010	1,259,742	2019	1,643,677

2011	1,297,534	2020	1,692,987
2012	1,336,460	2021	1,743,777
2013	1,376,554	2022	1,796,090
2014	1,417,850	2023	1,849,973
2015	1,460,386	2024	1,905,472
2016	1,504,197	2025	1,962,636
2017	1,549,323		

14. THIRD PARTY POWER PURCHASES

LPC will investigate other purchase sources if the occasion arises and is willing to pursue any other purchase sources to determine if the costs and benefits, both short run and long run, provide our customers with the options consistent with our IRP objective.

15. NEW TECHNOLOGIES

LPC will continuously evaluate, pursuant to its IRP objective, new technology for both demand-side and supply-side options.

16. FUTURE SUPPLY-SIDE OPTIONS

LPC presently has no certain scheduled supply side options other than those described in 3.

17. CAPTURING LOST OPPORTUNITY RESOURCES

LPC gives attention to capturing lost-opportunity resources which include cost-effective energy efficiency savings such as in new construction, renovation, and in routine

replacement of existing equipment. In routine replacement of any and all equipment, LPC includes energy and efficiency savings as a component of evaluation.

18. DYNAMICS OF IRP PROCESS

LPC realizes that the IRP process is dynamic and that modifications may be necessary over time. As new issues arise, existing issues or components of the plan change in significance and improved analysis techniques developed; LPC intends to file revisions to its IRP with The Public Service Commission of South Carolina and request that the Commission incorporate the revision into LPC's IRP or approve it as a separate consideration.

LOCKHART POWER COMPANY

DOCKET NO. 2011-11-E
ORDER NO. 94-348 & 98-502

SUMMER DEMAND FORECAST

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SYSTEM SUMMER PEAK DEMAND IN MW'S															
SYSTEM PEAK DEMAND	70.8	71.5	72.2	72.9	73.7	74.4	75.2	75.9	76.7	77.4	78.2	79.0	79.8	80.6	81.4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEMAND SOURCES															
LOCKHART HYDRO GENERATION	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
PACOLET HYDRO GENERATION	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
PACOLET DIESEL GENERATION	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
UNION DIESEL GENERATION	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
PURCHASES FROM DUKE ENERGY	40.9	41.6	42.3	43.0	43.8	44.5	45.3	46.0	46.8	47.5	48.3	49.1	49.9	50.7	51.5
TOTAL DEMAND SOURCES	70.8	71.5	72.2	72.9	73.7	74.4	75.2	75.9	76.7	77.4	78.2	79.0	79.8	80.6	81.4

WINTER DEMAND FORECAST

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SYSTEM WINTER PEAK DEMAND IN MW'S															
SYSTEM PEAK DEMAND	65.7	66.4	67.0	67.7	68.4	69.1	69.7	70.4	71.1	71.9	72.6	73.3	74.0	74.8	75.5

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
DEMAND SOURCES															
LOCKHART HYDRO GENERATION	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5
PACOLET HYDRO GENERATION	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
PACOLET DIESEL GENERATION	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
UNION DIESEL GENERATION	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
PURCHASES FROM DUKE ENERGY	35.8	36.5	37.1	37.8	38.5	39.2	39.8	40.5	41.2	42.0	42.7	43.4	44.1	44.9	45.6
TOTAL DEMAND SOURCES	65.7	66.4	67.0	67.7	68.4	69.1	69.7	70.4	71.1	71.9	72.6	73.3	74.0	74.8	75.5

ATTACHMENT 1

LOCKHART POWER COMPANY

Docket NO. 2011-11-E
Order NO. 94-348 & 98-502

SUPPLY AND SALES FORECAST (MWH)

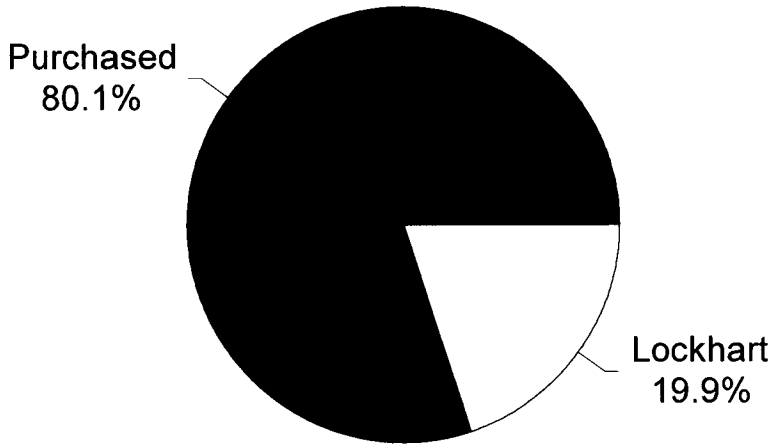
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
System Requirements															
Metered Sales	335581	338,937	342,326	345,749	349,207	352,699	356,226	359,788	363,386	367,020	370,690	374,397	378,141	381,922	385,742
Company Use	642	642	642	642	642	642	642	642	642	642	642	642	642	642	642
Losses	19703	19,900	20,099	20,300	20,503	20,708	20,915	21,124	21,336	21,549	21,764	21,982	22,202	22,424	22,648
Required System Input	355,926	359,479	363,067	366,691	370,352	374,049	377,783	381,555	385,364	389,211	393,097	397,021	400,985	404,988	409,032

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Supply Sources															
Lockhart Hydro Generation	66841	66841	66841	66841	66841	66841	66841	66841	66841	66841	66841	66841	66841	66841	66841
Pacolet Hydro Generation	3234	3234	3234	3234	3234	3234	3234	3234	3234	3234	3234	3234	3234	3234	3234
Pacolet Diesel Generation	366	366	366	366	366	366	366	366	366	366	366	366	366	366	366
Union Diesel Generation	498	498	498	498	498	498	498	498	498	498	498	498	498	498	498
Purchases from Duke	284,987	288,540	292,128	295,752	299,413	303,110	306,844	310,616	314,425	318,272	322,158	326,082	330,046	334,049	338,093
Total Supply	355,926	359,479	363,067	366,691	370,352	374,049	377,783	381,555	385,364	389,211	393,097	397,021	400,985	404,988	409,032

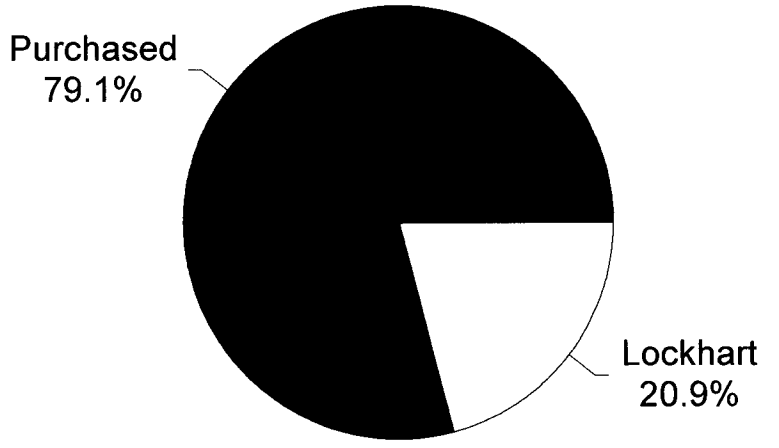
ATTACHMENT 2

LOCKHART POWER COMPANY

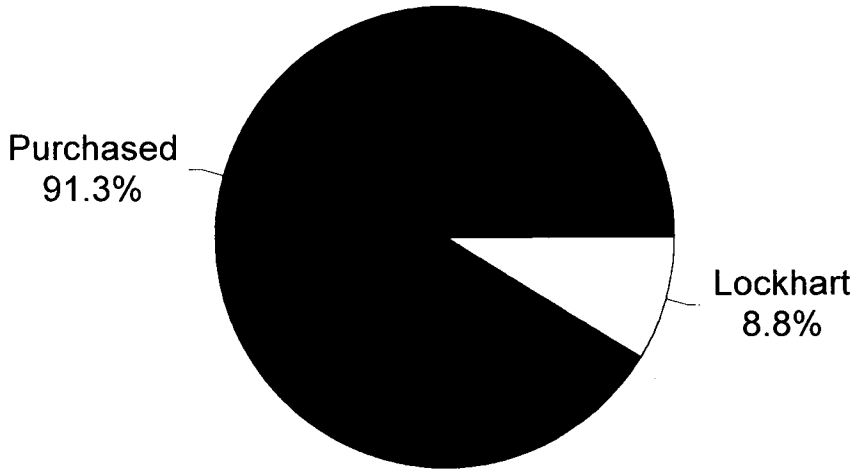
ENERGY SOURCES IN PERCENT OF MWH'S INPUT



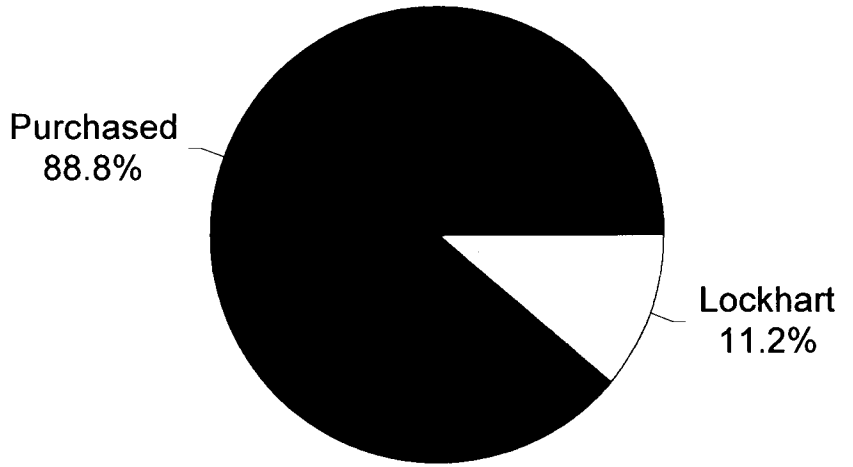
2010



2009



2008



2007

ATTACHMENT 3

Note: Purchased Power obtained from Duke Energy

Lockhart Power Company

Cash Flow Breakeven Test

YEAR				DEPRECIATION ON			OPERATING RESULTS (MS)			CAPITAL EMPLOYED		CASH FLOW	
PRO-JECT	FIS-CAL	ADDED NET SALES	PRE-TAX PROFIT, AFTER SER EXPENSE, BEFORE DEPR.	REQUEST ITEMS	TRANSFERS	INCOME TAX	PROFIT AFTER TAX		GROSS CASH FLOW	* FIXED ASSETS	ALLOCATED TRANS-FERRED ASSETS	NET	CUMULATIVE NET
	1	2	3	4	5	6	7	8	9	10	11	12	13
		WORKSHEET 1	WORKSHEET 5 OR 6	WORKSHEE 4	WORKSHEE 4	34% X 3-(4+5)	3 - (4+5+6)		4+7	FORM 101	WORKSHEET 2	9-10	ALGEBRAIC SUM COL 12
0													
1													
2													
3													
4													

Attachment 4